

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	IV Encumbrances	EFFECTIVE DATE:	July 1, 1993
SUB-SECTION:	6 - Year-End Carryover	REVISION DATE:	July 1, 1993
SUBJECT:	Policy	PAGE:	1 of 1

YEAR-END CARRYOVER OF ENCUMBRANCES

Wisconsin Statute 16.52 (6) states,

"Except as authorized in s. 16.74, all purchase orders, contracts, or printing orders shall, before any liability is incurred thereon, be submitted to the secretary for his/her approval as to the legality of purpose and sufficiency of appropriated and allotted funds thereof. In all cases the date of the contract or order governs the fiscal year to which the contract or order is chargeable, unless the secretary determines that the purpose of the contract or order is to prevent lapsing of appropriations or to otherwise circumvent budgetary intent. Upon such approval, the secretary shall immediately encumber all contracts or orders, and indicate the fiscal year to which they are chargeable."

Encumbrances reserve current year budget to recognize the existence of legally enforceable commitments on unperformed contracts for goods or services. If the intent of the contract or order is to avoid lapse or circumvent budgetary intent then the current fiscal year funds may not be carried over to pay the contract or obligation even if a contract exists as of June 10th.
